

FACT SHEET:

Irresponsible Bush Budget Hurts Seniors

Even as middle-class Americans are struggling to achieve financial security, the Bush budget ignores the very real challenges they are facing. It fails to create jobs, and instead creates record deficits. It shortchanges education, health care, veterans' benefits, and small business. Instead of helping working families, it provides additional tax breaks for those who need them least, and provides billions of dollars in new giveaways to HMOs and other wealthy corporate interests.

Includes \$46 billion in overpayments for HMOs, but does nothing to help American seniors with the cost of prescription drugs. The Bush budget includes \$46 billion in overpayments to HMOs, about \$30 billion more than previously estimated, but does not provide one additional penny to help seniors lower their prescription drug costs. And it fails to include measures to lower the cost of prescription drugs, including such measures as allowing Medicare to negotiate with drug companies for lower drug prices and allowing Americans to re-import drugs from other countries with lower prices.

Permits corporations to slash older workers' pensions. The Bush budget allows big companies continue to make deep cuts in pension benefits for older workers by converting traditional pension plans to "cash balance" plans in which some older workers' pensions would be slashed by up to 50 percent. The Bush budget fails to protect the 8 million workers and retirees who may have been harmed by these pension conversions, gives corporations the green light to violate pension age discrimination laws, and provides inadequate protection to workers affected in the future.

Spends every dime of the Social Security Trust Fund on tax cuts for the wealthy. When the President took office, the government was projected to save every dollar of the Social Security surplus. But under his \$1 trillion tax break plan, the Bush Administration would spend every penny of the Social Security Trust Fund over the next 10 years, just as the Baby Boomers are about to retire. The long-term cost of the Administration's tax cuts is more than three times the entire long-term Social Security shortfall. [CBPP, 3/5/03]

Jeopardizes Social Security. In his State of the Union address, the President continued to call for Social Security privatization. This radical proposal would permanently damage Social Security, diverting nearly \$2 trillion out of the Social Security Trust Fund for private accounts over the next 10 years.

Cuts Medicaid, which is crucial to seniors in nursing homes, by \$15.7 billion over 10 years. Medicaid pays approximately 50 percent of all nursing home costs nationwide. Even many middle-income seniors who begin their stay in a nursing home as private-pay residents eventually end up needing Medicaid assistance. But the Bush budget cuts Medicaid funding by \$15.7 billion over the next 10 years – which will have a negative impact on millions of nursing home residents.

Supports new Medicaid block grant. The budget supports transforming a large portion of Medicaid from an entitlement to a block grant, shifting the cost of the program onto hard-pressed states. The Bush plan would encourage states to limit their liability by cutting people from the rolls, cutting benefits, and increasing cost sharing for some of our most vulnerable citizens.

Freezes funding for Meals-on-Wheels and other Administration on Aging Programs. The Administration on Aging provides funding for several programs that provide vital services to seniors – including the Meals-on-Wheels program, a nursing home ombudsman program, senior centers, and a program providing support for family caregivers. The Bush budget proposes freezing these programs for the third year in a row, which means that many seniors are not receiving the services they need, even as the seniors population is growing significantly.

Freezes funding for housing for the elderly and disabled. The Bush budget includes \$1 billion for programs that provide supportive housing and other housing assistance for the elderly and people with disabilities. This \$1 billion is equivalent to a freeze at this year's enacted level and is \$13 million below the amount needed to maintain purchasing power at the 2004 level.

